

DEPARTMENT OF REVENUE CPA CERTIFICATION PROGRAM

Purpose

This document should be used by the Certified Public Accountant Reviewer (reviewer) to document his supervision of the Certified Public Accountant Candidate (candidate).

The Law

The supervision requirements and the recording of that supervision as outlined in this document are designed to meet the supervision requirements of [KRS 325.261](#) and [201 KAR 1:063](#). All reviewers and candidates should read this statute and regulation.

Class Title

All employees of the Department of Revenue are assigned to a class title. Each class title describes the type of work performed by members of that particular class.

[KRS 325.261\(2\) \(a\)](#) requires an employee of a governmental agency be “in an accounting or auditing position which required the performance of any auditing, accounting or tax services.”

To insure each candidate’s job duties meet the requirements of [KRS 325.261\(2\) \(a\)](#) a candidate’s class title must be on the list of approved class titles. If a candidate’s class title is not on the list of approved class titles, then it is recommended that a candidate seek a transfer to an approved class title. This transfer will be facilitated by the Department of Revenue.

Supervision

Regulation [201 KAR 1:063](#) states the following:

“Supervision means a licensed Certified Public Accountant of this or any state coordinating, guiding, inspecting, controlling and evaluating the activity of an employee.”

To meet the above requirement, all candidates will be assigned a reviewer. The reviewer will always be a licensed Certified Public Accountant within the above definition.

All reviewer/candidate relationships fall within two categories:

- (1) Direct relationship
- (2) Indirect relationship

Direct Relationship

The reviewer is the candidate’s organizational chart supervisor. By Department of Revenue and state personnel rules, an organizational chart supervisor controls all aspects of an employee’s work including: coordinating, guiding, inspecting, controlling and evaluating the activity of the employee. Therefore, a direct relationship between a reviewer and candidate always meets the

supervision requirement of [201 KAR 1:063](#). To document the supervision requirement, the following steps must be taken:

- (1) Initial Conference – The reviewer and the candidate must meet to discuss the methods by which the reviewer will meet the requirements of “coordinating, guiding, inspecting, controlling and evaluating” the activity of the candidate.

An example of the types of issues to be discussed at the initial meeting should include, but not be limited to, the following:

- The candidate's class title and the type of work it encompasses;
- The candidate's prior work experience and how it relates to his current position;
- The extent of any education and training needed by the candidate;
- The type of taxes with which the candidate will be working;
- The time and method of periodic meetings (discussed below); and
- The criteria the reviewer will use to evaluate the candidate.

The results of the initial meeting should be documented on the [CPA Certification Program Action Docket \(form 6.1.3 \(c\)\)](#). Both the reviewer and candidate should sign and date this form.

- (2) Periodic Meetings – The reviewer and candidate must meet at least twice a month. At least one of these meetings must be at the candidate's work site. The other meeting may be by teleconference. An example of the types of issues to be discussed at each meeting should include, but not be limited to, the following:

- Use of proper work techniques;
- Reaching of proper conclusions;
- Adequacy of the scope of work performed; and
- Suggestions, if needed, for work quality improvement.

The results of each meeting should be documented on the CPA Certification Program Action Document. Both the reviewer and candidate should sign and date this form.

Indirect Relationship

The reviewer is not the candidate's organizational chart supervisor and normally does not control the day-to-day activities of the candidate. To meet the supervision requirements of [201 KAR 1:063](#), the following steps must be taken:

- (1) Initial Conference – The reviewer and the candidate must meet to discuss the methods by which the reviewer will meet the requirements of “coordinating, guiding, inspecting, controlling and evaluating” the activity of the candidate.

An example of the types of issues to be discussed at the initial meeting should include, but not be limited to, the following:

- The candidate's class title and the type of work it encompasses;
- The candidate's prior work experience and how it relates to his or her current position;
- The extent of any education and training needed by the candidate;
- The type of taxes with which the candidate will be working;
- The time and method of periodic meetings (discussed below); and
- The criteria the reviewer will use to evaluate the candidate.

The results of the initial meeting should be documented on the CPA Certification Program Action Document. Both the reviewer and candidate should sign and date this form.

- (2) Periodic Meetings – The reviewer and candidate must meet at least twice a month. At least one of these meetings must be at the candidate's work site. The other meeting may be by teleconference. An example of the types of issues to be discussed at each meeting should include, but not be limited to, the following:

- Particular job related problems the candidate may have encountered since the last meeting;
- Additional education and training needed by the candidate; and
- The types of jobs on which the candidate has been working and discussions on future types of jobs.

Additionally, the reviewer should select and review a representative sample of the candidate's work product for the month. The review can be accomplished by examining the candidate's work papers as well as the reviewer observing how the candidate conducts himself in an actual work setting. In most circumstances, thirty percent (30%) of a candidate's work product is deemed to be a representative sample. The candidate's work product should be reviewed for, but not be limited to, the following:

- The use of proper work techniques;
- The reaching of proper conclusions;
- Was the scope of the work adequate?; and
- Suggestions, if needed, for work quality improvement.

The results of each meeting should be documented on the CPA Certification Program Action Document. Both the reviewer and candidate should sign and date the form.

If the reviewer and organizational chart supervisor disagree on any aspect of the review of the candidate's work product, then the following procedures should be followed:

- A. If the organizational chart supervisor's manager is a licensed CPA then the licensed CPA manager should review the work product that is in dispute. The decision of the licensed CPA manager will control. His decision should be documented on the CPA Certification Program Action Document.

The reviewer should document any disagreements with the licensed CPA manager on the CPA Certification Program Action Document. It should be noted that merely disagreeing with the licensed CPA manager does not disqualify the reviewer from his position as the candidate's licensed CPA reviewer.

It is possible that disagreement will occur from time to time and if all documentation procedures are followed, then the reviewer has met his supervision obligations.

- B. If the organizational chart supervisor's manager is not a licensed CPA, then the manager should choose a licensed CPA to review the work product that is in dispute. The decision of the licensed CPA will control. His decision should be documented on the CPA Certification Program Action Document.

The reviewer should document any disagreements with the licensed CPA on the CPA Certification Program Action Document. It should be noted that merely disagreeing with the licensed CPA

does not disqualify the reviewer from his position as the candidate's licensed CPA reviewer.

It is possible that disagreement will occur from time to time and if all documentation procedures are followed, then the reviewer has met his obligations.